

FY 2001 FIRST QUARTER REVIEW

BPA Net Revenues and Reserves

Projection for FY 2001



Executive Board Presentation
February 13, 2001

FY 2001
EXECUTIVE HIGHLIGHTS
February 2001

(\$ in Millions)

	<i>FY 2000</i> <i>Actuals</i>	FY 2001					
		1996		Range of Current Expectations			
		<i>Final Rate</i> <i>Proposal</i>	<i>Agency</i> <i>Target 2/</i>	<i>without</i> <i>FAS 133 2/</i>		<i>with</i> <i>FAS 133 3/</i>	
1. REVENUES	3,040.2	2,342.5 1/	2,924.2	4,820.0	– 5,070.0	4,530.0	– 4,780.0
2. EXPENSES	2,799.2	2,332.0 1/	2,871.8	5,140.0	– 5,390.0	5,140.0	– 5,390.0
3. NET REVENUES FROM CONTINUING OPERATIONS	241.0	10.5	52.4 4/	(570.0)	– (70.0)	(860.0)	– (360.0)
4. TOTAL CASH AND DEFERRED BORROWING	810.6	602.6	927.9	300.0	– 800.0	300.0	– 800.0
5. BPA ACCRUED CAPITAL EXPENDITURES	192.8	310.0	324.9	324.9		324.9	

Footnotes

- 1/ Revenues and expenses do not include \$16 million of reimbursable items.
- 2/ Does not include mark to market adjustments required by SFAS 133.
- 3/ Includes a reduction of \$292 million as an “accounting only” (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 at December 31, 2000, for identified derivative instruments. The amount represents the net change in the MTM from BPA’s transition adjustment at October 1, 2000 and the quarter ending December 31, 2000. The amount is composed of transactions BPA enters into known as “bookouts”. SFAS 133, as amended by SFAS 138, specifically defines “bookout” transactions as derivatives and does not allow normal/accrual accounting to be applied to such transactions.
- 4/ Agency FY 2001 target for net revenue ranges between \$11 million to \$103 million.

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Talking Points

- * There is a wide band of potential outcomes for this year due to policy decisions that have yet to be made about river operations relative to fish considerations.
FY 2001 results are shown as a range of current expectations.
- * There is still a high degree of uncertainty surrounding BPA's forecast of year-end results:
 - Uncertainty regarding the amount of precipitation for the rest of the year
 - Uncertainty regarding the price of power
 - Uncertainty regarding fish operational impacts
- * Actions BPA is taking to reduce the uncertainty:
 - Working with the other involved Federal agencies to balance river operations within parameters of NMFS's 2000 Biological Opinion
 - DSI re-marketing, which tends to increase both revenues and expenses, but with a negotiated net benefit to BPA from some of the DSI re-marketing transactions
 - Undertaking other efforts to reduce regional load
 - Making seasonal exchanges
- * Year-to-date actual results compared with year-end agency target show:
 - Total operating revenues, without an adjustment for mark-to-market losses, for the first quarter of FY 2001 are 27% of the year-end agency target
 - Total short-term purchase power expenses for the first quarter of FY 2001 are 120% of the year-end agency target
 - Total operating expenses, not including short-term power purchase, for the first quarter of FY 2001 are 22% of the year-end agency target
 - Consequently, net revenues from continuing operations, not including an adjustment for mark-to-market losses, for the first quarter of FY 2001 are \$233 million below the year-end agency target